GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5126
ANSWERED ON:25.08.2000
NRI HELP IN ECONOMIC DEVELOPMENT
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government have invited the non-resident Indians in the field of economic development of the country;

(b) if so, the details thereof;

(c) whether the NRIs are not satisfied with the incentives given to them in the current budget; and

(d) if so, the details thereof along with the details of incentives proposed to be provided to NRIs during the current year?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

a) to (d) : Recognising the potential of Non-Resident Indians(NRIs) in terms of funds and human resources and the need for involving them for a sustained economic development of the country, policies and procedures governing Foreign Direct Investment(FDI)/NRI investments are streamlined/simplified from time to time to create a more favourable investment environment for NRIs. The recent initiatives taken to facilitate NRI investments include
(i) higher investment limit for NRIs in sectors having sectoral caps for Foreign Direct Investment, such as Air-taxi operations and private sector banks,
(ii) investment upto 100% in the Housing and Real Estate Sector, which is not otherwise open for FDI and
(iii) increase in individual limit for secondary market investment in a company from 1% to 5% and increase in the aggregate investment limit in a company by all NRIs from 5% to 10%, which will be exclusive and separate from Foreign Institutional Investor(FII) investment ceilings to avoid crowding out NRIs by FIIs.

In the Budget for 2000-2001, a proposal to liberalise the tax laws and SEBI guidelines for Venture Capital Funds has been made which would give a strong boost for NRIs in the Silicon Valley and elsewhere to invest some of their capital, knowledge and enterprise in Ventures in India.

Suggestions/representations received from NRI forums/Associations are taken note of while formulating/reviewing policies and procedures from time to time.